Farm Credit of the Virginias, ACA

SECOND QUARTER 2015

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CERTIFICATION

The undersigned certify that we have reviewed the June 30, 2015 quarterly report of Farm Credit of the Virginias, ACA, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

David E. Lawrence
Chief Executive Officer

David G. Sauer
Chief Financial Officer

Charles B. Leech, IV
Chairman of the Board

August 7, 2015

Farm Credit of the Virginias, ACA

Report on Internal Control Over Financial Reporting

The Association's principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel. This process provides reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of June 30, 2015. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association's management concluded that as of June 30, 2015, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association's management determined that there were no material weaknesses in the internal control over financial reporting as of June 30, 2015.

David E. Lawrence
Chief Executive Officer

David G. Sauer
Chief Financial Officer

August 7, 2015

Farm Credit of the Virginias, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in thousands)

The following commentary reviews the consolidated financial condition and results of operations of Farm Credit of the Virginias, ACA (Association) for the period ended June 30, 2015. These comments should be read in conjunction with the accompanying consolidated financial statements, notes to the consolidated financial statements and the 2014 Annual Report of the Association. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of the Board of Directors.

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio is diversified over a range of agricultural commodities including livestock, timber, poultry and field crops. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the numerous opportunities for non-farm income in the area, somewhat impacts the level of dependency on a given commodity.

As of June 30, 2015, the gross loan volume of the Association was $1,641,762 compared to $1,583,241 at December 31, 2014. Gross loan volume increased $58,521 or 3.70 percent when compared to gross loan volume at December 31, 2014. Net loans outstanding at June 30, 2015 were $1,628,787 as compared to $1,570,776 at December 31, 2014. The increase in loan volume was primarily due to an increase in real estate loans and an increase in operating credit lines.

There is an inherent risk in the extension of any type of credit. However, portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. As of June 30, 2015, nonaccrual loan volume was $30,571 compared to $29,329 at December 31, 2014. This was an increase of $1,242 or 4.23%.

Other property owned totaled $5,376 at June 30, 2015 compared to $2,786 at December 31, 2014. The increase was primarily due to a couple of properties being acquired during the second quarter.

Association management maintains an allowance for loan losses in an amount considered sufficient to absorb possible losses in the loan portfolio. Factors considered in determining the allowance for loan losses were generally based on recent historical charge-off experience adjusted for relevant environmental factors. The allowance for loan losses at June 30, 2015 was $12,975. This was an increase of $510 when compared to the allowance amount at December 31, 2014. The increase was primarily due to the increase in loan volume.

RESULTS OF OPERATIONS

For the three months ended June 30, 2015

Net income for the three months ended June 30, 2015, totaled $8,031 as compared to $7,492 for the same period in 2014. This was an increase of $539 or 7.19 percent. The increase in net income was primarily due to an increase in net interest income and lower provision for loan losses offset somewhat by an increase in noninterest expenses.

Net interest income increased $620 or 5.28 percent for the three months ended June 30, 2015, as compared to the same period in 2014. The increase in net interest income was primarily due to the increase in loan volume.

Provision for loan losses for the three months ended June 30, 2015, totaled $1,000 compared to $1,200 for the same period last year. A reduction of $200. The Association continues to experience improvement in the overall loan credit quality over the first six months of 2015, although nonaccrual loans did increase during the second quarter.

Noninterest income for the three months ended June 30, 2015 totaled $3,474 compared to $3,447 for the same period last year. This was an increase of $27 or 0.78 percent. The increase in noninterest income was primarily due to an increase in gains on loans sold into the secondary mortgage market and an increase loan fees, offset somewhat by a decrease in patronage refund from AgFirst Farm Credit Bank.

Noninterest expenses for the three months ended June 30, 2015 totaled $6,800. This was an increase of $319 or 4.92 percent compared to the same period of 2014. The increase was mainly due to an increase in employees' salaries and benefits expenses and an increase in other operating expenses.

For the six months ended June 30, 2015

Net income for the six months ended June 30, 2015 totaled $16,731 as compared to $16,032 for the same period in 2014. This was an increase of $699 or 4.36 percent. The increase in net income was primarily due to an increase in net interest income and lower provision for loan losses offset somewhat by an increase in noninterest expenses.

Net interest income for the six months increased $1,147 or 4.85% compared to the same period in 2014. The increase in net interest income was primarily due to an increase in loan volume.

Provision for loan losses for the six months ended June 30, 2015, totaled $1,000 compared to $1,200 for the same period last year. A reduction of $200. The provision was mainly driven by the increase in loan volume growth.

Noninterest income for the six months ended June 30, 2015, totaled $7,076 as compared to $6,941 for the same period of 2014. This was an increase of $135. The increase in noninterest income was primarily due to an increase in gains on loans sold into the secondary mortgage market and an increase loan fees, offset somewhat by a decrease in patronage refund from AgFirst Farm Credit Bank.

Noninterest expenses for the six months ended June 30, 2015 totaled $14,108. This was an increase of $807 or 6.07 percent compared to the same period of 2014. The increase was mainly due to increases in employees' salaries and benefits, and an increase in other operating expenses.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with the Bank through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances the funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at June 30, 2015 was $1,308,829 as compared to $1,275,765 at December 31, 2014.

CAPITAL RESOURCES

Total members' equity at June 30, 2015 totaled $353,047, an increase of $16,820, as compared to $336,227 at December 31, 2014. The increase in members' equity was primarily attributed to earnings.

Farm Credit Administration (FCA) regulations require all Farm Credit institutions to maintain minimum permanent capital, total surplus and core surplus ratios. These ratios are calculated by dividing the Association's permanent capital, total surplus and core surplus as defined in FCA regulations, by a risk-adjusted asset base. As of June 30, 2015, both the Association's total surplus ratio and core surplus ratio were 18.97 percent and the permanent capital ratio was 19.77 percent. All three ratios were well above the minimum regulatory ratios of 7.00 percent for permanent capital and total surplus ratios and 3.50 percent for the core surplus ratio.

REGULATORY MATTERS

On July 25, 2014, the FCA published a proposed rule in the Federal Register to revise the requirements governing the eligibility of investments for System banks and associations. The public comment period ended on October 23, 2014. The stated objectives of the proposed rule are as follows:

- To strengthen the safety and soundness of System banks and associations.
- To ensure that System banks hold sufficient liquidity to continue operations and pay maturing obligations in the event of market disruption.
- To enhance the ability of the System banks to supply credit to agricultural and aquatic producers.
- To comply with the requirements of section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).
- To modernize the investment eligibility criteria for System banks.
- To revise the investment regulation for System associations to improve their investment management practices so they are more resilient to risk.

On September 4, 2014, the FCA published a proposed rule in the Federal Register to modify the regulatory capital requirements for System banks and associations. The initial public comment period ended on February 16, 2015. On June 15, 2015, the Farm Credit Administration reopened the comment period from June 26 to July 10, 2015. The stated objectives of the proposed rule are as follows:

- To modernize capital requirements while ensuring that institutions continue to hold sufficient regulatory capital to fulfill their mission as a government-sponsored enterprise.
- To ensure that the System's capital requirements are comparable to the Basel III framework and the standardized approach that the federal banking regulatory agencies have adopted, but also to ensure that the rules recognize the cooperative structure and the organization of the System.
- To make System regulatory capital requirements more transparent.
- To meet the requirements of section 939A of the Dodd-Frank Act.

FINANCIAL REGULATORY REFORM

See discussion of the Dodd-Frank Act in the Financial Regulatory Reform section of the Association's 2014 Annual Report.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Please refer to Note 1, *"Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements",* in the Notes to the Financial Statements, and the 2014 Annual Report to Shareholders for recently issued accounting pronouncements.

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2832, or writing Susanne Caughman, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, *www.agfirst.com*. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 540-886-3435, ext. 5020, or writing David Sauer, Farm Credit of the Virginias, ACA, P.O. Box 899, Staunton, VA 24402, or accessing the website, *www.farmcreditofvirginias.com*. The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

Farm Credit of the Virginias, ACA

Consolidated Balance Sheets

(dollars in thousands)	June 30, 2015	December 31, 2014
	(unaudited)	*(audited)*
Assets		
Cash	**$ 3,848**	$ 6,038
Loans	**1,641,762**	1,583,241
Allowance for loan losses	**(12,975)**	(12,465)
Net loans	**1,628,787**	1,570,776
Loans held for sale	**1,175**	1,077
Accrued interest receivable	**11,622**	7,854
Investments in other Farm Credit institutions	**23,986**	24,613
Premises and equipment, net	**8,013**	8,092
Other property owned	**5,376**	2,786
Accounts receivable	**6,364**	28,685
Other assets	**3,266**	4,592
Total assets	**$ 1,692,437**	$ 1,654,513
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 1,308,829**	$ 1,275,765
Accrued interest payable	**2,927**	2,809
Patronage refunds payable	**184**	21,209
Accounts payable	**1,622**	2,074
Other liabilities	**25,828**	16,429
Total liabilities	**1,339,390**	1,318,286
Commitments and contingencies (Note 8)		
Members' Equity		
Capital stock and participation certificates	**13,248**	13,159
Retained earnings		
Allocated	**92,568**	92,568
Unallocated	**247,258**	230,527
Accumulated other comprehensive income (loss)	**(27)**	(27)
Total members' equity	**353,047**	336,227
Total liabilities and members' equity	**$ 1,692,437**	$ 1,654,513

The accompanying notes are an integral part of these consolidated financial statements.

Farm Credit of the Virginias, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the three months ended June 30, 2015	For the three months ended June 30, 2014	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Interest Income				
Loans	**$ 20,991**	$ 19,658	**$ 41,756**	$ 39,220
Investments	**—**	—	**—**	5
Total interest income	**20,991**	19,658	**41,756**	39,225
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	**8,620**	7,907	**16,965**	15,581
Net interest income	**12,371**	11,751	**24,791**	23,644
Provision for loan losses	**1,000**	1,200	**1,000**	1,200
Net interest income after provision for loan losses	**11,371**	10,551	**23,791**	22,444
Noninterest Income				
Loan fees	**252**	161	**374**	329
Fees for financially related services	**9**	13	**14**	18
Patronage refunds from other Farm Credit institutions	**2,938**	3,160	**6,045**	6,252
Gains (losses) on sales of rural home loans, net	**247**	63	**469**	145
Gains (losses) on sales of premises and equipment, net	**9**	8	**9**	28
Gains (losses) on other transactions	**4**	27	**19**	28
Other noninterest income	**15**	15	**146**	141
Total noninterest income	**3,474**	3,447	**7,076**	6,941
Noninterest Expense				
Salaries and employee benefits	**4,269**	4,086	**8,934**	8,515
Occupancy and equipment	**371**	364	**675**	655
Insurance Fund premiums	**416**	359	**818**	705
(Gains) losses on other property owned, net	**54**	169	**220**	186
Other operating expenses	**1,690**	1,503	**3,461**	3,240
Total noninterest expense	**6,800**	6,481	**14,108**	13,301
Income before income taxes	**8,045**	7,517	**16,759**	16,084
Provision for income taxes	**14**	25	**28**	52
Net income	**8,031**	7,492	**16,731**	16,032
Other comprehensive income	**—**	—	**—**	—
Comprehensive income	**$ 8,031**	$ 7,492	**$ 16,731**	$ 16,032

The accompanying notes are an integral part of these consolidated financial statements.

Farm Credit of the Virginias, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Retained Earnings Allocated	Retained Earnings Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2013	$ 17,313	$ 92,568	$ 200,739	$ (10)	$ 310,610
Comprehensive income			16,032		16,032
Capital stock/participation certificates issued/(retired), net	(7)				(7)
Balance at June 30, 2014	$ 17,306	$ 92,568	$ 216,771	$ (10)	$ 326,635
Balance at December 31, 2014	**$ 13,159**	**$ 92,568**	**$ 230,527**	**$ (27)**	**$ 336,227**
Comprehensive income			**16,731**		**16,731**
Capital stock/participation certificates issued/(retired), net	**89**				**89**
Balance at June 30, 2015	**$ 13,248**	**$ 92,568**	**$ 247,258**	**$ (27)**	**$ 353,047**

The accompanying notes are an integral part of these consolidated financial statements.

Farm Credit of the Virginias, ACA

Notes to the Consolidated Financial Statements

(dollars in thousands, except as noted)
(unaudited)

Note 1 — Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements

Organization

The accompanying financial statements include the accounts of Farm Credit of the Virginias, ACA (the Association). A description of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations for the Association as of and for the year ended December 31, 2014, are contained in the 2014 Annual Report to Shareholders. These unaudited interim consolidated financial statements should be read in conjunction with the latest Annual Report to Shareholders.

Basis of Presentation

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair statement of results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed.

Certain amounts in the prior period's consolidated financial statements may have been reclassified to conform to the current period presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

The results of any interim period are not necessarily indicative of those to be expected for a full year.

Significant Accounting Policies

The Association's accounting and reporting policies conform with U.S. generally accepted accounting principles (GAAP) and practices in the financial services industry. To prepare the financial statements in conformity with GAAP, management must make estimates based on assumptions about future economic and market conditions (for example, unemployment, market liquidity, real estate prices, etc.) that affect the reported amounts of assets and liabilities at the date of the financial statements, income and expenses during the reporting period, and the related disclosures. Although these estimates contemplate current conditions and expectations of change in the future, it is reasonably possible that actual conditions may be different than anticipated, which could materially affect results of operations and financial condition.

Management has made significant estimates in several areas, including loans and allowance for loan losses (Note 2, *Loans and Allowance for Loan Losses*), investment securities and other-than-temporary impairment (Note 3, *Investments*), and financial instruments (Note 6, *Fair Value Measurement*). Actual results could differ from those estimates.

For further details of significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, from the latest Annual Report.

Accounting Standards Updates (ASUs) Issued During the Period

The following ASUs were issued by the Financial Accounting Standards Board (FASB) since the most recent Annual Report:

- 2015-10 Technical Corrections and Improvements – In June, 2015, the FASB issued ASU 2015-10, Technical Corrections and Improvements (numerous Topics). The amendments in the Update represent changes to make minor corrections or minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. All other amendments were effective upon the issuance of the Update.

- 2015-07 Fair Value Measurement – In May, 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). Topic 820 permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. To address diversity in practice related to how certain investments measured at net asset value with future redemption dates are categorized, the amendments in this Update remove the requirement to categorize investments for which fair values are measured using the net asset value per share practical expedient. It also limits disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. For public business entities, the guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years.

For all other entities, the guidance is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Earlier application is permitted. The guidance is to be applied retrospectively to all periods presented. Application of this guidance is not expected to have an impact on the Association's financial condition or results of operations, but will require modifications to footnote disclosures.

ASUs Pending Effective Date
For a detailed description of the ASUs below, see the latest Annual Report.

Potential effects of ASUs issued in previous periods:

- 2014-09 Revenue from Contracts with Customers – On July 9, 2015, the FASB voted to delay the effective date by one year. A final ASU reflecting the revised effective date will be issued in third quarter of 2015.

Accounting Standards Effective During the Period
There were no changes in the accounting principles applied from the latest Annual Report, other than any discussed below.

No recently adopted accounting guidance issued by the FASB had a significant effect on the current period reporting. See the most recent Annual Report for a detailed description of each of the standards below:

- 2014-14 Classification of Certain Government-Guaranteed Mortgage Loans – The Association did not have a significant amount of loans that met the criteria of the guidance.

- 2014-11 Repurchase-to-Maturity Transactions – The Association did not have a significant amount of transactions that met the criteria of the guidance.

- 2014-08 Discontinued Operations – The Association has not had and does not anticipate any significant disposals.

- 2014-04 Reclassification of Consumer Mortgage Loans – The criteria of the standard were not significantly different from the Association's policy in place at adoption. The amendment was adopted prospectively. See Note 2, *Loans and Allowance for Loan Losses*, for the additional disclosures required by this guidance.

Note 2 — Loans and Allowance for Loan Losses

The Association maintains an allowance for loan losses at a level considered adequate by management to provide for probable and estimable losses inherent in the loan portfolio as of the report date. The allowance for loan losses is increased through provisions for loan losses and loan recoveries and is decreased through loan charge-offs and allowance reversals. A review of individual loans in each respective portfolio is performed periodically to determine the appropriateness of risk ratings and to ensure loss exposure to the Association has been identified. See Note 3, *Loans and Allowance for Loan Losses*, from the latest Annual Report for further discussion.

Credit risk arises from the potential inability of an obligor to meet its repayment obligation. The Association manages credit risk associated with lending activities through an assessment of the credit risk profile of an individual obligor. The Association sets its own underwriting standards and lending policies that provide direction to loan officers and are approved by the board of directors.

A summary of loans outstanding at period end follows:

	June 30, 2015	December 31, 2014
Real estate mortgage	$ 1,126,043	$ 1,093,553
Production and intermediate-term	418,971	391,188
Loans to cooperatives	107	–
Processing and marketing	33,848	37,375
Farm-related business	13,716	12,659
Communication	5,671	5,964
Rural residential real estate	43,406	42,502
Total Loans	$ 1,641,762	$ 1,583,241

A substantial portion of the Association's lending activities is collateralized, and exposure to credit loss associated with lending activities is reduced accordingly.

The Association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume, and comply with Farm Credit Administration (FCA) regulations. The following tables present participation loan balances at periods ended:

	June 30, 2015															
	Within AgFirst District				Within Farm Credit System				Outside Farm Credit System				Total			
	Participations Purchased		Participations Sold		Participations Purchased		Participations Sold		Participations Purchased		Participations Sold		Participations Purchased		Participations Sold	
Real estate mortgage	$	–	$	92,719	$	–	$	–	$	–	$	–	$	–	$	92,719
Production and intermediate-term		2,955		4,201		506		–		–		–		3,461		4,201
Processing and marketing		6,233		–		250		–		–		–		6,483		–
Farm-related business		713		201		31		–		–		–		744		201
Communication		5,683		–		–		–		–		–		5,683		–
Total	$	15,584	$	97,121	$	787	$	–	$	–	$	–	$	16,371	$	97,121

	December 31, 2014															
	Within AgFirst District				Within Farm Credit System				Outside Farm Credit System				Total			
	Participations Purchased		Participations Sold		Participations Purchased		Participations Sold		Participations Purchased		Participations Sold		Participations Purchased		Participations Sold	
Real estate mortgage	$	–	$	99,978	$	–	$	–	$	–	$	–	$	–	$	99,978
Production and intermediate-term		3,296		5,992		570		–		–		–		3,866		5,992
Processing and marketing		6,745		–		–		–		–		–		6,745		–
Farm-related business		–		223		39		–		–		–		39		223
Communication		5,974		–		–		–		–		–		5,974		–
Total	$	16,015	$	106,193	$	609	$	–	$	–	$	–	$	16,624	$	106,193

A significant source of liquidity for the Association is the repayments of loans. The following table presents the contractual maturity distribution of loans by loan type at the latest period end:

	June 30, 2015							
	Due less than 1 year		Due 1 Through 5 years		Due after 5 years		Total	
Real estate mortgage	$	31,679	$	65,821	$	1,028,543	$	1,126,043
Production and intermediate-term		147,503		164,575		106,893		418,971
Loans to cooperatives		39		–		68		107
Processing and marketing		16,814		9,887		7,147		33,848
Farm-related business		2,414		1,487		9,815		13,716
Communication		–		5,671		–		5,671
Rural residential real estate		4,511		1,457		37,438		43,406
Total Loans	$	202,960	$	248,898	$	1,189,904	$	1,641,762
Percentage		12.36%		15.16%		72.48%		100.00%

The recorded investment in a receivable is the face amount increased or decreased by applicable accrued interest, unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous direct write-down of the investment.

The following table shows the recorded investment of loans, classified under the FCA Uniform Loan Classification System, as a percentage of the recorded investment of total loans by loan type as of:

	June 30, 2015	December 31, 2014
Real estate mortgage:		
Acceptable	95.25%	94.06%
OAEM	1.63	2.26
Substandard/doubtful/loss	3.12	3.68
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	94.51%	93.68%
OAEM	2.14	2.47
Substandard/doubtful/loss	3.35	3.85
	100.00%	100.00%
Loans to cooperatives:	100.00%	100.00%
Acceptable	–	–
OAEM	–	–
Substandard/doubtful/loss	100.00%	100.00%
Processing and marketing:		
Acceptable	66.23%	67.39%
OAEM	20.24	17.42
Substandard/doubtful/loss	13.53	15.19
	100.00%	100.00%

	June 30, 2015	December 31, 2014
Farm-related business:		
Acceptable	97.88%	97.65%
OAEM	–	–
Substandard/doubtful/loss	2.12	2.35
	100.00%	100.00%
Communication:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	96.19%	95.97%
OAEM	1.64	1.42
Substandard/doubtful/loss	2.17	2.61
	100.00%	100.00%
Total Loans:		
Acceptable	94.53%	93.44%
OAEM	2.13	2.62
Substandard/doubtful/loss	3.34	3.94
	100.00%	100.00%

The following tables provide an age analysis of the recorded investment of past due loans as of:

	June 30, 2015					
	30 Through 89 Days Past Due	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less Than 30 Days Past Due**	**Total Loans**	**Recorded Investment 90 Days or More Past Due and Accruing Interest**
Real estate mortgage	$ 7,582	$ 3,502	$ 11,084	$ 1,122,284	$ 1,133,368	$ –
Production and intermediate-term	5,453	2,884	8,337	414,645	422,982	–
Loans to cooperatives	–	–	–	108	108	–
Processing and marketing	–	–	–	33,885	33,885	–
Farm-related business	–	–	–	13,762	13,762	–
Communication	–	–	–	5,671	5,671	–
Rural residential real estate	472	193	665	42,943	43,608	–
Total	$ 13,507	$ 6,579	$ 20,086	$ 1,633,298	$ 1,653,384	$ –

	December 31, 2014					
	30 Through 89 Days Past Due	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less Than 30 Days Past Due**	**Total Loans**	**Recorded Investment 90 Days or More Past Due and Accruing Interest**
Real estate mortgage	$ 7,309	$ 5,383	$ 12,692	$ 1,085,727	$ 1,098,419	$ 370
Production and intermediate-term	3,014	2,649	5,663	388,302	393,965	–
Processing and marketing	–	–	–	37,419	37,419	–
Farm-related business	39	299	338	12,345	12,683	–
Communication	–	–	–	5,965	5,965	–
Rural residential real estate	980	245	1,225	41,419	42,644	–
Total	$ 11,342	$ 8,576	$ 19,918	$ 1,571,177	$ 1,591,095	$ 370

Nonperforming assets (including the recorded investment for loans) and related credit quality statistics at period end were as follows:

	June 30, 2015	December 31, 2014
Nonaccrual loans:		
Real estate mortgage	$ 19,066	$ 20,207
Production and intermediate-term	8,006	5,477
Farm-related business	2,916	3,046
Rural residential real estate	583	599
Total	$ 30,571	$ 29,329
Accruing restructured loans:		
Real estate mortgage	$ 408	$ 411
Production and intermediate-term	1,085	462
Total	$ 1,493	$ 873
Accruing loans 90 days or more past due:		
Real estate mortgage	$ –	$ 370
Total	$ –	$ 370
Performing impaired loans:		
Real estate mortgage	$ 1,670	$ 2,399
Production and intermediate-term	37	2,095
Processing and marketing	4,584	5,684
Total	$ 6,291	$ 10,178
Total nonperforming loans	$ 38,355	$ 40,750
Other property owned	5,376	2,786
Total nonperforming assets	$ 43,731	$ 43,536
Nonaccrual loans as a percentage of total loans	1.86%	1.85%
Nonperforming assets as a percentage of total loans and other property owned	2.65%	2.74%
Nonperforming assets as a percentage of capital	12.39%	12.95%

The following table presents information related to the recorded investment of impaired loans at period end. Impaired loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms of the loan.

	June 30, 2015	December 31, 2014
Impaired nonaccrual loans:		
Current as to principal and interest	$ 18,257	$ 18,758
Past due	12,314	10,571
Total	30,571	29,329
Impaired accrual loans:		
Performing	6,291	10,178
Restructured	1,493	873
90 days or more past due	–	370
Total	7,784	11,421
Total impaired loans	$ 38,355	$ 40,750

The following tables present additional impaired information at period end. Unpaid principal balance represents the contractual principal balance of the loan.

	June 30, 2015			Quarter Ended June 30, 2015		Six Months Ended June 30, 2015	
Impaired loans	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Impaired Loans**	**Interest Income Recognized on Impaired Loans**	**Average Impaired Loans**	**Interest Income Recognized on Impaired Loans**
With a related allowance for credit losses:							
Real estate mortgage	$ 10,855	$ 11,350	$ 1,630	$ 10,140	$ 105	$ 10,728	$ 262
Production and intermediate-term	3,748	4,305	752	3,501	36	3,704	91
Processing and marketing	–	–	–	–	–	–	–
Farm-related business	2,916	3,432	78	2,724	28	2,882	70
Rural residential real estate	–	–	–	–	–	–	–
Total	$ 17,519	$ 19,087	$ 2,460	$ 16,365	$ 169	$ 17,314	$ 423
With no related allowance for credit losses:							
Real estate mortgage	$ 10,289	$ 12,315	$ –	$ 9,611	$ 99	$ 10,169	$ 249
Production and intermediate-term	5,380	7,641	–	5,025	52	5,317	129
Processing and marketing	4,584	4,584	–	4,282	44	4,530	111
Farm-related business	–	–	–	–	–	–	–
Rural residential real estate	583	776	–	545	6	576	14
Total	$ 20,836	$ 25,316	$ –	$ 19,463	$ 201	$ 20,592	$ 503
Total:							
Real estate mortgage	$ 21,144	$ 23,665	$ 1,630	$ 19,751	$ 204	$ 20,897	$ 511
Production and intermediate-term	9,128	11,946	752	8,526	88	9,021	220
Processing and marketing	4,584	4,584	–	4,282	44	4,530	111
Farm-related business	2,916	3,432	78	2,724	28	2,882	70
Rural residential real estate	583	776	–	545	6	576	14
Total	$ 38,355	$ 44,403	$ 2,460	$ 35,828	$ 370	$ 37,906	$ 926

	December 31, 2014			Year Ended December 31, 2014	
Impaired loans	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Impaired Loans**	**Interest Income Recognized on Impaired Loans**
With a related allowance for credit losses:					
Real estate mortgage	$ 10,436	$ 10,798	$ 1,456	$ 8,949	$ 557
Production and intermediate-term	4,584	5,052	1,382	3,931	244
Processing and marketing	–	–	–	–	–
Farm-related business	3,046	3,494	187	2,611	162
Rural residential real estate	143	163	15	123	8
Total	$ 18,209	$ 19,507	$ 3,040	$ 15,614	$ 971
With no related allowance for credit losses:					
Real estate mortgage	$ 12,951	$ 15,100	$ –	$ 11,104	$ 691
Production and intermediate-term	3,450	5,826	–	2,958	185
Processing and marketing	5,684	5,684	–	4,874	303
Farm-related business	–	–	–	–	–
Rural residential real estate	456	636	–	391	24
Total	$ 22,541	$ 27,246	$ –	$ 19,327	$ 1,203
Total:					
Real estate mortgage	$ 23,387	$ 25,898	$ 1,456	$ 20,053	$ 1,248
Production and intermediate-term	8,034	10,878	1,382	6,889	429
Processing and marketing	5,684	5,684	–	4,874	303
Farm-related business	3,046	3,494	187	2,611	162
Rural residential real estate	599	799	15	514	32
Total	$ 40,750	$ 46,753	$ 3,040	$ 34,941	$ 2,174

There were no material commitments to lend additional funds to debtors whose loans were classified as impaired at each reporting period.

A summary of changes in the allowance for loan losses and recorded investment in loans for each reporting period follows:

	Real Estate Mortgage	Production and Intermediate-term	Agribusiness*	Communication	Rural Residential Real Estate	Total
Activity related to the allowance for credit losses:						
Balance at March 31, 2015	$ 5,647	$ 6,053	$ 504	$ –	$ 250	$ 12,454
Charge-offs	(141)	(415)	–	–	–	(556)
Recoveries	4	73	–	–	–	77
Provision for loan losses	603	423	(26)	–	–	1,000
Balance at June 30, 2015	$ 6,113	$ 6,134	$ 478	$ –	$ 250	$ 12,975
Balance at December 31, 2014	$ 5,739	$ 5,924	$ 537	$ –	$ 265	$ 12,465
Charge-offs	(141)	(523)	–	–	–	(664)
Recoveries	12	162	–	–	–	174
Provision for loan losses	503	571	(59)	–	(15)	1,000
Balance at June 30, 2015	$ 6,113	$ 6,134	$ 478	$ –	$ 250	$ 12,975
Balance at March 31, 2014	$ 5,499	$ 4,809	$ 1,486	$ –	$ 150	$ 11,944
Charge-offs	(88)	(42)	–	–	–	(130)
Recoveries	11	24	–	–	1	36
Provision for loan losses	530	805	(206)	–	71	1,200
Balance at June 30, 2014	$ 5,952	$ 5,596	$ 1,280	$ –	$ 222	$ 13,050
Balance at December 31, 2013	$ 5,184	$ 4,967	$ 1,532	$ –	$ 195	$ 11,878
Charge-offs	(206)	(130)	–	–	–	(336)
Recoveries	260	47	–	–	1	308
Provision for loan losses	714	712	(252)	–	26	1,200
Balance at June 30, 2014	$ 5,952	$ 5,596	$ 1,280	$ –	$ 222	$ 13,050
Allowance on loans evaluated for impairment:						
Individually	$ 1,630	$ 752	$ 78	$ –	$ –	$ 2,460
Collectively	4,483	5,382	400	–	250	10,515
Balance at June 30, 2015	$ 6,113	$ 6,134	$ 478	$ –	$ 250	$ 12,975
Individually	$ 1,456	$ 1,382	$ 187	$ –	$ 15	$ 3,040
Collectively	4,283	4,542	350	–	250	9,425
Balance at December 31, 2014	$ 5,739	$ 5,924	$ 537	$ –	$ 265	$ 12,465
Recorded investment in loans evaluated for impairment:						
Individually	$ 21,144	$ 9,174	$ 7,500	$ –	$ 583	$ 38,401
Collectively	1,112,224	413,808	40,255	5,671	43,025	1,614,983
Balance at June 30, 2015	$ 1,133,368	$ 422,982	$ 47,755	$ 5,671	$ 43,608	$ 1,653,384
Individually	$ 23,012	$ 7,989	$ 8,729	$ –	$ 600	$ 40,330
Collectively	1,075,407	385,976	41,373	5,965	42,044	1,550,765
Balance at December 31, 2014	$ 1,098,419	$ 393,965	$ 50,102	$ 5,965	$ 42,644	$ 1,591,095

**Includes the loan types; Loans to cooperatives, Processing and marketing, and Farm-related business.*

A restructuring of a debt constitutes a troubled debt restructuring (TDR) if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. The following tables present additional information about pre-modification and post-modification outstanding recorded investment and the effects of the modifications that occurred during the periods presented.

	Three Months Ended June 30, 2015				
Outstanding Recorded Investment	**Interest Concessions**	**Principal Concessions**	**Other Concessions**	**Total**	**Charge-offs**
Pre-modification:					
Real estate mortgage	$ 170	$ 416	$ –	$ 586	
Production and intermediate-term	–	794	–	794	
Total	$ 170	$ 1,210	$ –	$ 1,380	
Post-modification:					
Real estate mortgage	$ 170	$ 416	$ –	$ 586	$ –
Production and intermediate-term	–	794	–	794	–
Total	$ 170	$ 1,210	$ –	$ 1,380	$ –

Outstanding Recorded Investment	Six Months Ended June 30, 2015 Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Real estate mortgage	$ 170	$ 416	$ –	$ 586	
Production and intermediate-term	–	1,631	–	1,631	
Total	$ 170	$ 2,047	$ –	$ 2,217	
Post-modification:					
Real estate mortgage	$ 170	$ 416	$ –	$ 586	$ –
Production and intermediate-term	–	1,631	–	1,631	–
Total	$ 170	$ 2,047	$ –	$ 2,217	$ –

Outstanding Recorded Investment	Three Months Ended June 30, 2014 Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Production and intermediate-term	$ –	$ 486	$ –	$ 486	
Total	$ –	$ 486	$ –	$ 486	
Post-modification:					
Production and intermediate-term	$ –	$ 486	$ –	$ 486	$ –
Total	$ –	$ 486	$ –	$ 486	$ –

Outstanding Recorded Investment	Six Months Ended June 30, 2014 Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Production and intermediate-term	$ –	$ 486	$ –	$ 486	
Total	$ –	$ 486	$ –	$ 486	
Post-modification:					
Production and intermediate-term	$ –	$ 486	$ –	$ 486	$ –
Total	$ –	$ 486	$ –	$ 486	$ –

Interest concessions may include interest forgiveness and interest deferment. Principal concessions may include principal forgiveness, principal deferment, and maturity extension. Other concessions may include additional compensation received which might be in the form of cash or other assets.

The following table presents outstanding recorded investment for TDRs that occurred during the previous twelve months and for which there was a subsequent payment default during the period. Payment default is defined as a payment that was thirty days or more past due.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Real estate mortgage	$ 206	$ –	$ 206	$ –
Production and intermediate-term	11	–	1,096	–
Total	$ 217	$ –	$ 1,302	$ –

The following table provides information at period end on outstanding loans restructured in troubled debt restructurings. These loans are included as impaired loans in the impaired loan table:

	Total TDRs		Nonaccrual TDRs	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Real estate mortgage	$ 1,038	$ 908	$ 630	$ 498
Production and intermediate-term	2,499	1,015	1,414	553
Farm related business	2,916	3,046	2,916	3,046
Rural residential real estate	38	41	38	41
Total Loans	$ 6,491	$ 5,010	$ 4,998	$ 4,138
Additional commitments to lend	$ –	$ –		

The following table presents information as of period end:

		June 30, 2015
Carrying amount of foreclosed residential real estate properties held as a result of obtaining physical possession	$	–
Recorded investment of consumer mortgage loans secured by residential real estate for which formal foreclosure proceedings are in process	$	47

Note 3 — Investments

Investment in Other Farm Credit Institutions

The Association is required to maintain ownership in AgFirst Farm Credit Bank (AgFirst or the Bank) of Class B and Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owns 9.60 percent of the issued stock of the Bank as of June 30, 2015 net of any reciprocal investment. As of that date, the Bank's assets totaled $28.8 billion and shareholders' equity totaled $2.4 billion. The Bank's earnings were $168 million for the first six months of 2015. In addition, the Association has no investment related to other Farm Credit institutions.

Note 4 — Debt

Notes Payable to AgFirst Farm Credit Bank

The Association's indebtedness to the Bank represents borrowings by the Association to fund its earning assets. This indebtedness is collateralized by a pledge of substantially all of the Association's assets. The contractual terms of the revolving line of credit are contained in the General Financing Agreement (GFA). The GFA also defines Association performance criteria for borrowing from the Bank, which includes borrowing base margin, earnings and capital covenants, among others.

Note 5 — Members' Equity

Accumulated Other Comprehensive Income (AOCI)

Changes in Accumulated Other Comprehensive Income by Component *(a)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Employee Benefit Plans:				
Balance at beginning of period	$ (27)	$ (10)	$ (27)	$ (10)
Other comprehensive income before reclassifications	–	–	–	–
Amounts reclassified from AOCI	–	–	–	–
Net current period other comprehensive income	–	–	–	–
Balance at end of period	$ (27)	$ (10)	$ (27)	$ (10)

Reclassifications Out of Accumulated Other Comprehensive Income *(b)*

	Three Months Ended June 30,		Six Months Ended June 30,		
	2015	2014	2015	2014	Income Statement Line Item
Defined Benefit Pension Plans:					
Periodic pension costs	$ –	$ –	$ –	$ –	See Note 7.
Net amounts reclassified	$ –	$ –	$ –	$ –	

(a) Amounts in parentheses indicate debits to AOCI.
(b) Amounts in parentheses indicate debits to profit/loss.

Note 6 — Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability.

Accounting guidance establishes a hierarchy for disclosure of fair value measurements to maximize the use of observable inputs, that is, inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the hierarchy tiers is based upon the lowest level of input that is significant to the fair value measurement.

The classifications within the fair value hierarchy are as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices in markets that are not active; and inputs that are observable, or can be corroborated, for substantially the full term of the asset or liability. The Association has no Level 2 assets and liabilities measured at fair value on a recurring basis.

Level 3 inputs are unobservable and supported by little or no market activity. Valuation is determined using pricing models, discounted cash flow methodologies, or similar techniques, and could include significant management judgment or estimation. Level 3 assets and liabilities also could include instruments whose price has been adjusted based on dealer quoted pricing that is different than the third-party valuation or internal model pricing.

For a complete discussion of the inputs and other assumptions considered in assigning various assets and liabilities to the fair value hierarchy levels, see the latest Annual Report to Shareholders.

There were no Level 3 assets or liabilities measured at fair value on a recurring basis for the periods presented. The Association had no transfers of assets or liabilities into or out of Level 1 or Level 2 during the periods presented.

Fair values are estimated at each period end date for assets and liabilities measured at fair value on a recurring basis. Fair values are estimated at least annually, or when information suggests a significant change in value, for assets measured at fair value on a nonrecurring basis. Other Financial Instruments are not measured at fair value in the statement of financial position, but their fair values are estimated as of each period end date. The following tables summarize the carrying amounts of these assets and liabilities at period end, and their related fair values.

	At or for the Six Months Ended June 30, 2015					
	Total Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Fair Value Effects On Earnings**
Recurring Measurements						
Assets:						
Assets held in Trust funds	$ 1,364	$ 1,364	$ –	$ –	$ 1,364	
Recurring Assets	$ 1,364	$ 1,364	$ –	$ –	$ 1,364	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 35,895	$ –	$ –	$ 35,895	$ 35,895	$ 89
Other property owned	5,376	–	–	5,935	5,935	(163)
Nonrecurring Assets	$ 41,271	$ –	$ –	$ 41,830	$ 41,830	$ (74)
Other Financial Instruments						
Assets:						
Cash	$ 3,848	$ 3,848	$ –	$ –	$ 3,848	
Loans	1,594,067	–	–	1,596,577	1,596,577	
Other Financial Assets	$ 1,597,915	$ 3,848	$ –	$ 1,596,577	$ 1,600,425	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,308,829	$ –	$ –	$ 1,294,718	$ 1,294,718	
Other Financial Liabilities	$ 1,308,829	$ –	$ –	$ 1,294,718	$ 1,294,718	

	At or for the Year Ended December 31, 2014					
	Total Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Fair Value Effects On Earnings**
Recurring Measurements						
Assets:						
Assets held in Trust funds	$ 1,224	$ 1,224	$ –	$ –	$ 1,224	
Recurring Assets	$ 1,224	$ 1,224	$ –	$ –	$ 1,224	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 37,710	$ –	$ –	$ 37,710	$ 37,710	$ (226)
Other property owned	2,786	–	–	3,073	3,073	(166)
Nonrecurring Assets	$ 40,496	$ –	$ –	$ 40,783	$ 40,783	$ (392)
Other Financial Instruments						
Assets:						
Cash	$ 6,038	$ 6,038	$ –	$ –	$ 6,038	
Loans	1,534,143	–	–	1,540,271	1,540,271	
Other Financial Assets	$ 1,540,181	$ 6,038	$ –	$ 1,540,271	$ 1,546,309	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,275,765	$ –	$ –	$ 1,264,974	$ 1,264,974	
Other Financial Liabilities	$ 1,275,765	$ –	$ –	$ 1,264,974	$ 1,264,974	

SENSITIVITY TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS

Discounted cash flow or similar modeling techniques are generally used to determine the recurring fair value measurements for Level 3 assets and liabilities. Use of these techniques requires determination of relevant inputs and assumptions, some of which represent significant unobservable inputs as indicated in the tables that follow. Accordingly, changes in these unobservable inputs may have a significant impact on fair value.

Certain of these unobservable inputs will (in isolation) have a directionally consistent impact on the fair value of the instrument for a given change in that input. Alternatively, the fair value of the instrument may move in an opposite direction for a given change in another input. Where multiple inputs are used within the valuation technique of an asset or liability, a change in one input in a certain direction may be offset by an opposite change in another input having a potentially muted impact to the overall fair value of that particular instrument. Additionally, a change in one unobservable input may result in a change to another unobservable input (that is, changes in certain inputs are interrelated with one another), which may counteract or magnify the fair value impact.

Inputs to Valuation Techniques

Management determines the Association's valuation policies and procedures. The Bank performs the majority of the Association's valuations, and its valuation processes are calibrated annually by an independent consultant. The fair value measurements are analyzed on a quarterly basis. For other valuations, documentation is obtained for third party information, such as pricing, and periodically evaluated alongside internal information and pricing that is available.

Quoted market prices are generally not available for the instruments presented below. Accordingly fair values are based on judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates involve uncertainties and matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements

	Fair Value	Valuation Technique(s)	Unobservable Input	Range
Impaired loans and other property owned	$ 41,830	Appraisal	Income and expense	*
			Comparable sales	*
			Replacement cost	*
			Comparability adjustments	*

** Ranges for this type of input are not useful because each collateral property is unique.*

Information about Other Financial Instrument Fair Value Measurements

	Valuation Technique(s)	Input
Cash	Carrying Value	Par/Principal and appropriate interest yield
Loans	Discounted cash flow	Prepayment forecasts
		Probability of default
		Loss severity
Notes payable to AgFirst Farm Credit Bank	Discounted cash flow	Prepayment forecasts
		Probability of default
		Loss severity

Note 7 — Employee Benefit Plans

The following is a table of retirement and other postretirement benefit expenses for the Association:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Pension	$ 867	$ 871	$ 1,734	$ 1,741
401(k)	137	93	358	245
Other postretirement benefits	288	172	576	344
Total	$ 1,292	$ 1,136	$ 2,668	$ 2,330

The following is a table of retirement and other postretirement benefit contributions for the Association:

	Actual YTD Through 6/30/15	Projected Contributions For Remainder of 2015	Projected Total Contributions 2015
Pension	$ 4	$ 3,547	$ 3,551
Other postretirement benefits	218	218	436
Total	$ 222	$ 3,765	$ 3,987

Contributions in the above table include allocated estimates of funding for multi-employer plans in which the Association participates. These amounts may change when a total funding amount and allocation is determined by the respective Plan's Sponsor Committee. Also, market conditions could impact discount rates and return on plan assets which could change contributions necessary before the next plan measurement date of December 31, 2015.

Further details regarding employee benefit plans are contained in the 2014 Annual Report to Shareholders, including a discussion of benefit plan changes related to the termination of the AgFirst Farm Credit Cash Balance Retirement Plan.

Note 8 — Commitments and Contingent Liabilities

From time to time, legal actions are pending against the Association in which claims for money damages are asserted. On at least a quarterly basis, the Association assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. While the outcome of legal proceedings is inherently uncertain, on the basis of information presently available, management, after consultation with legal counsel, is of the opinion that the ultimate liability, if any, from these actions, would not be material in relation to the financial position of the Association. Because it is not probable that the Association will incur a loss or the loss is not estimable, no liability has been recorded for any claims that may be pending.

Note 9 — Subsequent Events

The Association evaluated subsequent events and determined there were none requiring disclosure through August 7, 2015, which was the date the financial statements were issued.